

EXHIBIT C1
ANNUAL RATES OF RETIREMENT
MANAGEMENT EMPLOYEES

Rates of Retirement

<u>Age</u>	<u>Male with following</u> <u>years of service:</u>		<u>Female with following</u> <u>years of service:</u>	
	<u>20-29</u>	<u>30+</u>	<u>20-29</u>	<u>30+</u>
45	N/A	.050	N/A	.100
46	N/A	.050	N/A	.100
47	N/A	.050	N/A	.100
48	N/A	.050	N/A	.100
49	N/A	.050	N/A	.100
50	.020	.050	.050	.100
51	.030	.050	.070	.125
52	.040	.050	.100	.150
53	.050	.050	.130	.175
54	.060	.080	.160	.200
55	.100	.120	.190	.225
56	.120	.160	.220	.250
57	.140	.200	.250	.275
58	.160	.240	.280	.300
59	.180	.280	.310	.325
60	.200	.320	.340	.350
61	.250	.360	.370	.375
62	.400	.400	.400	.400
63	.400	.400	.400	.400
64	.400	.400	.400	.400
65	.400	.400	.400	.400
66	.400	.400	.400	.400
67	.400	.400	.400	.400
68	.400	.400	.400	.400
69	.400	.400	.400	.400
70	1.000	1.000	1.000	1.000

EXHIBIT C2
ANNUAL RATES OF RETIREMENT
NONMANAGEMENT EMPLOYEES

Rates of Retirement

<u>Age</u>	<u>Male with following</u> <u>years of service:</u>		<u>Female with following</u> <u>years of service:</u>	
	<u>20-29</u>	<u>30+</u>	<u>20-29</u>	<u>30+</u>
45	N/A	.050	N/A	.100
46	N/A	.050	N/A	.100
47	N/A	.050	N/A	.100
48	N/A	.050	N/A	.100
49	N/A	.050	N/A	.100
50	.020	.050	.060	.100
51	.030	.050	.070	.100
52	.040	.050	.080	.100
53	.060	.070	.090	.100
54	.070	.090	.100	.120
55	.080	.110	.160	.140
56	.090	.130	.160	.160
57	.120	.150	.160	.180
58	.130	.170	.160	.180
59	.150	.190	.180	.220
60	.160	.210	.200	.240
61	.190	.280	.220	.260
62	.350	.350	.350	.350
63	.350	.350	.350	.350
64	.350	.350	.350	.350
65	.350	.350	.350	.350
66	.350	.350	.350	.350
67	.350	.350	.350	.350
68	.350	.350	.350	.350
69	.350	.350	.350	.350
70	1.000	1.000	1.000	1.000

EXHIBIT D1
ANNUAL RATES OF EMPLOYEE SEPARATION FROM SERVICE
MANAGEMENT EMPLOYEES

- A. Select Rates of Separation (based on years of service; rates increased 200% for Associated Directory Services and Mobile Systems):

<u>Service In Years</u>	<u>Rates of Separation</u>		<u>Service in Years</u>	<u>Rates of Separation</u>	
	<u>Male</u>	<u>Female</u>		<u>Male</u>	<u>Female</u>
0	.250	.250	5	.060	.060
1	.200	.200	6	.050	.060
2	.100	.100	7	.050	.060
3	.080	.080	8	.050	.060
4	.060	.060			

- B. Ultimate Rates of Separation (based on attained age; rates increased 300% for Associated Directory Services and Mobile Systems):

<u>Age</u>	<u>Rates of Separation</u>		<u>Age</u>	<u>Rates of Separation</u>	
	<u>Male</u>	<u>Female</u>		<u>Male</u>	<u>Female</u>
20	-	-	45	.0160	.0180
21	-	-	46	.0145	.0160
22	-	-	47	.0130	.0140
23	-	-	48	.0115	.0120
24	-	-	49	.0100	.0100
25	.0380	.0580	50	.0085	.0100
26	.0370	.0560	51	.0070	.0100
27	.0360	.0540	52	.0055	.0100
28	.0350	.0520	53	.0040	.0100
29	.0340	.0500	54	.0040	.0100
30	.0330	.0480	55	.0040	.0100
31	.0320	.0460	56	.0040	.0110
32	.0310	.0440	57	.0040	.0120
33	.0300	.0420	58	.0040	.0130
34	.0290	.0400	59	.0040	.0140
35	.0280	.0380	60	.0040	.0150
36	.0270	.0360	61	.0040	.0150
37	.0260	.0340	62	.0040	.0150
38	.0250	.0320	63	.0040	.0150
39	.0240	.0300	64	.0040	.0150
40	.0230	.0280			
41	.0220	.0260			
42	.0205	.0240			
43	.0190	.0220			
44	.0175	.0200			

EXHIBIT D2
ANNUAL RATES OF EMPLOYEE SEPARATION FROM SERVICE
NONMANAGEMENT EMPLOYEES

A. Select Rates of Separation (based on years of service):

Service In Years	Rates of Separation		Service in Years	Rates of Separation	
	Male	Female		Male	Female
0	.530	.400	5	.075	.090
1	.350	.300	6	.070	.080
2	.230	.200	7	.050	.060
3	.120	.130	8	.040	.060
4	.075	.090			

B. Ultimate Rates of Separation (based on attained age):

Age	Rates of Separation		Age	Rates of Separation	
	Male	Female		Male	Female
20	-	-	45	.0120	.0187
21	-	-	46	.0110	.0170
22	-	-	47	.0100	.0160
23	-	-	48	.0090	.0150
24	-	-	49	.0080	.0140
25	.0320	.0600	50	.0070	.0130
26	.0310	.0600	51	.0060	.0120
27	.0300	.0600	52	.0050	.0110
28	.0290	.0580	53	.0040	.0100
29	.0280	.0550	54	.0030	.0090
30	.0270	.0520	55	.0030	.0100
31	.0260	.0490	56	.0030	.0110
32	.0250	.0460	57	.0030	.0120
33	.0240	.0430	58	.0030	.0130
34	.0230	.0400	59	.0030	.0140
35	.0220	.0370	60	.0030	.0150
36	.0210	.0340	61	.0040	.0160
37	.0200	.0323	62	.0050	.0170
38	.0190	.0306	63	.0060	.0180
39	.0180	.0289	64	.0070	.0190
40	.0170	.0272			
41	.0160	.0255			
42	.0150	.0238			
43	.0140	.0221			
44	.0130	.0204			

EXHIBIT E1
ANNUAL RATES OF SALARY INCREASE
MANAGEMENT EMPLOYEES

<u>Age</u>	<u>Annual Increase</u>	<u>Age</u>	<u>Annual Increase</u>
15	15.50%	40	5.20%
16	15.50	41	5.10
17	15.50	42	5.00
18	14.90	43	4.90
19	14.30	44	4.80
20	13.70	45	4.70
21	13.10	46	4.60
22	12.50	47	4.50
23	11.90	48	4.48
24	11.30	49	4.46
25	10.70	50	4.44
26	10.10	51	4.42
27	9.50	52	4.40
28	8.90	53	4.37
29	8.30	54	4.34
30	7.70	55	4.31
31	7.10	56	4.28
32	6.50	57	4.25
33	6.30	58	4.22
34	6.10	59	4.19
35	5.90	60	4.16
36	5.70	61	4.13
37	5.50	62	4.10
38	5.40	63	4.10
39	5.30	64	4.10

EXHIBIT E2
ANNUAL RATES OF SALARY INCREASE
NONMANAGEMENT EMPLOYEES

<u>Age</u>	<u>Annual Increase</u>	<u>Age</u>	<u>Annual Increase</u>
15	15.50%	40	5.20%
16	15.50	41	5.10
17	15.50	42	5.00
18	14.90	43	4.90
19	14.30	44	4.80
20	13.70	45	4.70
21	13.10	46	4.60
22	12.50	47	4.50
23	11.90	48	4.48
24	11.30	49	4.46
25	10.70	50	4.44
26	10.10	51	4.42
27	9.50	52	4.40
28	8.90	53	4.37
29	8.30	54	4.34
30	7.70	55	4.31
31	7.10	56	4.28
32	6.50	57	4.25
33	6.30	58	4.22
34	6.10	59	4.19
35	5.90	60	4.16
36	5.70	61	4.13
37	5.50	62	4.10
38	5.40	63	4.10
39	5.30	64	4.10

EXHIBIT F
PERCENTAGE OF ACTIVE AND RETIRED EMPLOYEES MARRIED

<u>Active</u>			<u>Retired</u>		
<u>Age Range</u>	<u>Percent Married</u>		<u>Age Range</u>	<u>Percent Married</u>	
	<u>M</u>	<u>F</u>		<u>M</u>	<u>F</u>
<25	35%	40%	<60	85%	65%
25-29	75	66	60-64	85	62
30-34	88	74	65-69	85	55
35-39	92	78	70-74	80	40
40-44	94	74	75-79	73	24
45-49	95	68	80-84	64	11
50-54	93	65	85-89	50	8
55-59	91	65	90+	20	3
60-64	89	62			
65+	85	55			

Males are assumed to be three years older than their female spouses.

SBC POSTRETIREMENT HEALTH BENEFITS VALUATION
Basic Valuation Results – SB Telephone Company
with \$5,500 Defined Dollar and Medicare Part B Reimbursement Caps
(\$000)

<u>Year</u>	<u>Claims</u>	<u>EPBO</u>	<u>APBO</u>	<u>Assets</u>	<u>Service Cost</u>	<u>Expense</u>	<u>Expense as % of Payroll</u>
1993	\$118,777	\$2,693,985	\$2,437,457	\$0	\$32,131	\$204,064 *	11.5%
1994	127,997	2,776,149	2,531,657	158,913	32,951	198,958	10.8%
1995	136,689	2,855,704	2,624,244	330,539	33,002	191,906	10.0%
1996	146,115	2,932,947	2,714,817	515,895	33,407	192,872	9.7%
1997	156,736	3,006,866	2,802,846	557,167	32,741	195,065	9.5%
1998	167,436	3,075,976	2,885,749	601,740	32,072	196,604	9.2%
1999	178,765	3,139,870	2,963,057	649,879	29,256	195,107	8.9%
2000	191,214	3,197,720	3,031,389	701,869	26,996	193,184	8.5%
2001	204,984	3,248,041	3,089,509	758,019	25,440	190,872	8.1%
2002	218,332	3,288,882	3,136,038	818,661	24,122	187,602	7.8%
2003	230,792	3,319,997	3,170,802	884,154	22,688	182,969	7.4%
2004	242,841	3,341,559	3,193,711	954,886	20,897	176,660	6.9%
2005	254,286	3,353,407	3,203,922	1,031,277	18,372	168,179	6.4%
2006	263,870	3,355,323	3,200,317	1,113,779	18,578	161,177	6.0%
2007	272,280	3,348,318	3,186,725	1,202,881	16,359	150,334	5.5%
2008	279,467	3,332,901	3,161,010	1,299,111	16,801	140,917	5.0%
2009	285,259	3,309,544	3,126,390	1,403,040	15,970	128,900	4.5%
2010	290,432	3,279,144	3,082,275	1,515,283	15,743	116,177	3.9%
2011	294,069	3,241,702	3,029,245	1,636,506	16,491	103,172	3.4%
2012	295,789	3,198,017	2,969,268	1,767,426	17,539	89,264	2.8%

* Excludes Transition Obligation expense of \$ 2,437,457,000 taken in 1993

SBC POSTRETIREMENT HEALTH BENEFITS VALUATION
Basic Valuation Results – SB Telephone Company
without Defined Dollar or Medicare Part B Reimbursement Caps
(\$000)

<u>Year</u>	<u>Claims</u>	<u>EPBO</u>	<u>APBO</u>	<u>Assets</u>	<u>Service Cost</u>	<u>Expense</u>	<u>Expense as % of Payroll</u>
1993	\$118,777	\$5,375,820	\$4,282,848	\$0	\$119,079	\$435,937 *	24.6%
1994	128,326	5,679,142	4,608,921	158,913	124,925	453,612	24.6%
1995	138,648	6,002,122	4,955,834	330,539	128,963	469,861	24.6%
1996	149,737	6,345,530	5,322,402	515,895	133,981	496,424	25.0%
1997	162,817	6,709,973	5,710,362	557,167	135,795	523,688	25.4%
1998	178,462	7,095,486	6,115,808	601,740	137,681	551,982	25.9%
1999	196,805	7,501,825	6,537,468	649,879	132,570	573,586	26.0%
2000	219,225	7,930,266	6,966,239	701,869	128,646	596,541	26.2%
2001	246,857	8,380,227	7,399,705	758,019	127,285	622,078	26.5%
2002	278,245	8,848,669	7,835,567	818,661	127,040	648,497	26.9%
2003	312,922	9,334,306	8,271,312	884,154	126,256	673,819	27.2%
2004	352,193	9,835,855	8,702,941	954,886	124,229	696,907	27.4%
2005	396,012	10,352,211	9,124,045	1,031,277	118,631	714,748	27.4%
2006	441,226	10,879,721	9,525,283	1,113,779	126,219	744,732	27.8%
2007	490,159	11,416,910	9,917,893	1,202,881	122,291	761,026	27.7%
2008	541,076	11,961,253	10,284,989	1,299,111	132,327	789,773	28.0%
2009	591,817	12,510,237	10,637,615	1,403,040	136,326	810,336	28.0%
2010	645,356	13,065,985	10,968,376	1,515,283	144,717	833,213	28.0%
2011	696,676	13,625,705	11,277,457	1,636,506	159,348	860,535	28.1%
2012	738,412	14,189,185	11,572,235	1,767,426	176,846	889,443	28.1%

* Excludes Transition Obligation expense of \$ 4,282,848,000

SBC POSTRETIREMENT HEALTH BENEFITS VALUATION
1993 Liability Breakdown – Total Corporation
with \$5,500 Defined Dollar and Medicare Part B Reimbursement Caps
(dollars in thousands)

	<u>Management</u>	<u>Nonmanagement</u>	<u>Combined</u>
<u>Participation</u>			
Retired	11,625	19,907	31,532
Active	<u>17,274</u>	<u>39,803</u>	<u>57,077</u>
Total	28,899	59,710	88,609
 Expected 1993 Claims	 \$49,062	 \$71,669	 \$120,731
 <u>EPBO</u>			
Retired	\$788,562	\$902,505	\$1,691,067
Active	<u>320,758</u>	<u>788,151</u>	<u>1,108,909</u>
Total	1,109,320	1,690,656	2,799,976
 <u>APBO</u>			
Retired	\$788,562	\$902,505	\$1,691,067
Active	<u>228,389</u>	<u>591,783</u>	<u>820,172</u>
Total	1,016,951	1,494,288	2,511,239
 Service Cost	 \$11,017	 \$23,979	 \$34,996

Dental Benefits

SOUTHWESTERN BELL CORPORATION

**ACTUARIAL VALUATION OF
POSTRETIREMENT DENTAL BENEFITS**

**TOWERS PERRIN
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APRIL 1993

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SECTION I -- INTRODUCTION

Southwestern Bell Corporation (SBC) currently provides dental care benefits to retirees and dependents of SBC, Southwestern Bell Telephone Company, Southwestern Bell Yellow Pages, Inc., Southwestern Bell Telecommunications, Inc. and several other subsidiaries. To qualify, an employee must retire under the early, normal or late retirement provisions of the Southwestern Bell Corporation Management Pension Plan, Southwestern Bell Corporation Pension Plan, or applicable subsidiary plan.

With the exception of Associated Directory Services, retirees are not required to contribute toward the cost of these benefits; the entire cost is borne by Southwestern Bell Corporation. AT&T annually reimburses SBC for the dental benefits of certain pre-divestiture retirees covered under the Unfunded Benefits Cost Sharing Agreement and the 1983 Force Adjustment Cost Reimbursement and Indemnification Agreement. The net cost has been funded and expensed on a pay-as-you-go basis.

In December 1990, the Financial Accounting Standards Board issued Financial Accounting Statement No. 106 (FAS 106), **Employers' Accounting for Postretirement Benefits Other Than Pensions**. FAS 106 requires employers, beginning in 1993, to expense postretirement welfare benefits on an accrual basis similar to that required for pension plans.

The purposes of this actuarial study are to quantify the magnitude of SBC's overall liability for postretirement dental benefits and to identify the effect of adopting FAS 106 on SBC's income statement. The results of the study have been prepared and presented so that attention may be focused on:

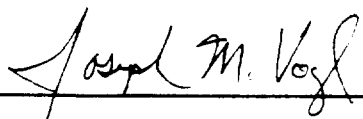
- Liabilities by operating company/subsidiary
- Liabilities for current versus future retirees
- Liabilities for management employees versus nonmanagement employees

The results of this study reflect SBC's decision to adopt FAS 106 in 1993 with full immediate recognition of the transition obligation.

Supporting Documentation

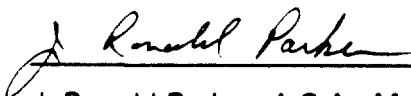
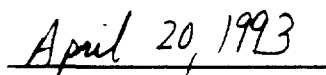
The present study has been based upon the dental benefit plan provisions briefly summarized in Section IV. Participant and claims information provided by SBC are summarized in Section V. While the information provided has been reviewed for reasonableness, no attempt has been made to audit such information.

The specific actuarial methodology and assumptions underlying this study are presented in Sections VI and VII. We believe the contents of this study comply with the Actuarial Standards Board's actuarial compliance guidelines with respect to FAS 106.



Joseph M. Vogl, F.S.A., M.A.A.A.

Vice President



J. Ronald Parker, A.S.A., M.A.A.A.

Principal

SECTION II -- ACTUARIAL VALUATION RESULTS

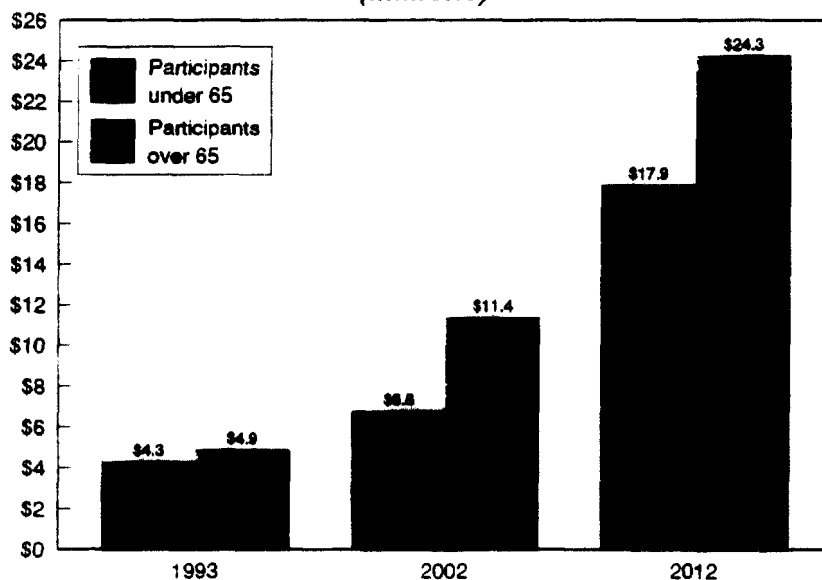
Postretirement dental claims, liabilities and expense levels were projected for the 20-year period 1993 through 2012. Total corporation results are presented in Table A, while breakdowns by various corporate entities are presented in Appendices A1 through A8.

Claims

Dental claims are shown net of estimated AT&T reimbursements on an accrual basis but including administrative expenses. Claims are expected to increase over the 20-year forecast period, from \$9.2 Million in 1993 to \$18.2 Million in the year 2002 and \$42.2 Million in 2012.

During 1993, 47% of all net postretirement dental benefits are expected to be received by retirees or dependents under age 65. This percentage will change in future years, as illustrated in the following chart:

ALLOCATION OF CLAIMS BY AGE
(Millions)



Currently retired participants and their dependents will represent 69% of the total paid claims in the year 2002 and 28% in the year 2012.

Expected Postretirement Benefit Obligation

The Expected Postretirement Benefit Obligation (EPBO) in any year represents the full actuarial present value of postretirement benefits, including administrative expenses, for all active and retired employees (and their dependents) at that time.

As of January 1, 1993, the total actuarial liability for postretirement dental benefits for SBC is \$367.0 Million. This EPBO is expected to grow to \$584.2 Million in the year 2002 and \$966.8 Million in the year 2012.

Twenty-nine percent of the 1993 EPBO is for claims that will be incurred prior to age 65. Currently retired participants and their dependents account for 40% of the total 1993 liability.

Accumulated Postretirement Benefit Obligation

The Accumulated Postretirement Benefit Obligation (APBO) represents that portion of the total liability assigned prior to the valuation year by FAS 106. The liability for current retirees (and dependents) and active employees eligible to retire or terminate with full benefits is fully reflected in the APBO. The liability for active employees not yet eligible to retire with full benefits is included in the APBO based upon the ratio of the number of completed years of service to the number of years of service that will be completed when the employee satisfies the eligibility requirements for full benefits.

As of January 1, 1993, the APBO for Southwestern Bell Corporation is \$298.0 Million. Of this, 28% represents claims that will be incurred prior to age 65.

The APBO as of January 1, 1993 represents the Transition Obligation under FAS 106. SBC has elected full immediate recognition of the Transition Obligation in 1993 expense. This results in substantially greater expense in 1993 but reduced expense levels in subsequent years.

Expense

FAS 106 expense is the sum of several individual components: (1) service cost -- the cost of benefits being earned in the current fiscal period; (2) interest on the Accumulated Postretirement Benefit Obligation and Service Cost; (3) interest credited on any accumulated trust assets; (4) amortization of gains and losses or plan amendments; and (5) for 1993 only, the Transition Obligation.

Expense for 1993 is \$328.0 Million or 16.6% of covered payroll. The effect of immediate recognition of the Transition Obligation on 1993 expense is as follows:

	(millions)
■ Expense before Transition Obligation	\$ 30.0
■ Transition Obligation	<u>\$298.0</u>
■ Total Expense	\$328.0

1993 Liability Breakdown

Breakdowns of the 1993 liability results between management and nonmanagement employees and between active and retired employees are presented in Appendix B.

Table A

SBC POSTRETIREMENT DENTAL BENEFITS VALUATION
Basic Valuation Results – Total Corporation
(\$000)

<u>Year</u>	<u>Claims</u>	<u>EPBO</u>	<u>APBO</u>	<u>Assets</u>	<u>Service Cost</u>	<u>Expense</u>	<u>Expense as % of Payroll</u>
1993	\$9,178	\$366,963	\$298,011	\$0	\$7,418	\$29,988 *	1.52%
1994	10,544	386,564	318,819	0	7,780	31,888	1.56%
1995	11,244	406,628	340,165	0	8,036	33,738	1.59%
1996	11,974	427,879	362,663	0	8,356	35,741	1.62%
1997	12,754	450,362	386,430	0	8,494	37,644	1.65%
1998	13,594	474,147	411,320	0	8,626	39,621	1.67%
1999	14,538	499,322	437,348	0	8,338	41,230	1.69%
2000	15,623	526,014	464,037	0	8,135	42,974	1.70%
2001	16,843	554,309	491,384	0	8,068	44,905	1.72%
2002	18,230	584,236	519,452	0	8,053	46,945	1.75%
2003	19,789	615,808	548,169	0	8,031	49,017	1.78%
2004	21,555	649,011	577,395	0	7,924	51,030	1.81%
2005	23,544	683,888	606,872	0	7,621	52,841	1.82%
2006	25,725	720,339	636,169	0	8,047	55,417	1.87%
2007	28,084	758,232	665,861	0	7,857	57,350	1.88%
2008	30,599	797,506	695,127	0	8,443	60,084	1.92%
2009	33,281	838,052	724,611	0	8,689	62,461	1.95%
2010	36,149	879,872	753,793	0	9,137	65,025	1.97%
2011	39,124	922,847	782,664	0	9,969	67,976	2.01%
2012	42,189	966,791	811,515	0	10,975	71,107	2.03%

* Excludes Transition Obligation expense of \$ 298,011,000 taken in 1993

SECTION III -- SENSITIVITY OF RESULTS

Estimates of the liability and expense for postretirement dental benefits are sensitive to a number of assumptions, of which the following are perhaps most significant:

Discount Rate. The discount rate is used to adjust future expected benefit payments to the current measurement date to reflect the time value of money. The discount rate used in Section II corresponds to the rate currently in effect for pension expense purposes. An increase in the discount rate would result in lower liabilities and expense.

Dental Trend Rate. The dental trend rate is used to anticipate per capita increases in dental costs. Components of dental trend include inflation, cost-shifting, technology advances and utilization increases. The dental trend rate used in Section II is not a flat rate but a pattern of rates, beginning at 7.25% for 1993 and decreasing by 25 basis points each year until it reaches 5.50% in the year 2000. It is held constant at 5.50% per year throughout the remainder of the valuation period.

Table B reviews the valuation results for 1993 assuming an 8.5% discount rate in place of the 7.5% discount rate used in Section II and also assuming a 1% increase in the assumed dental trend rates used in Section II. The following table summarizes the changes in the liability and expense results (figures may vary from those in Table B due to rounding):

	<u>Change in Discount Rate</u>		
	(millions)		
	<u>7.5%</u>	<u>8.5%</u>	<u>Percentage Change</u>
Expected Postretirement Benefit Obligation	\$ 367.0	\$ 306.2	(16.6)%
Accumulated Postretirement Benefit Obligation	\$ 298.0	\$ 253.8	(14.8)%
Expense: Transition Obligation	\$ 298.0	\$ 253.8	(14.8)%
Ongoing Cost	\$ 30.0	\$ 27.5	(8.3)%

Change in Dental Trend Rates
(millions)

	<u>Current Rates</u>	<u>Adjusted Rates</u>	<u>Percentage Change</u>
Expected Postretirement Benefit Obligation	\$367.0	\$445.0	21.3%
Accumulated Postretirement Benefit Obligation	\$298.0	\$353.3	18.6%
Expense: Transition Obligation	\$298.0	\$353.3	18.6%
Ongoing Cost	\$ 30.0	\$ 36.5	21.7%

Table B

SBC POSTRETIREMENT DENTAL BENEFITS VALUATION
1993 Sensitivity Results -- Total Corporation
(\$000)

	<u>Base Results</u>	<u>Discount Rate Change</u>		<u>Trend Rate Change</u>	
		<u>1% Increase</u>	<u>% Change</u>	<u>1% Increase</u>	<u>% Change</u>
Claims	\$9,178	\$9,178	0.0%	\$9,178	0.0%
EPBO	366,963	306,165	-16.6%	445,024	21.3%
<u>APBO</u>					
Retirees	146,125	132,435	-9.4%	161,656	10.6%
Fully eligible active participants	24,261	20,926	-13.7%	28,235	16.4%
Other active participants	<u>127,625</u>	<u>100,475</u>	-21.3%	<u>163,429</u>	28.1%
Total	298,011	253,836	-14.8%	353,320	18.6%
Assets	0	0	0.0%	0	0.0%
Service Cost	7,418	5,778	-22.1%	9,611	29.6%
<u>Expense</u>					
Transition Obligation	298,011	253,836	-14.8%	353,320	18.6%
Ongoing Cost	29,988	27,463	-8.4%	36,493	21.7%

SECTION IV -- SUMMARY OF PLAN PROVISIONS

I. SBC Dental Care

A. Basic Plan Information

- (1) Plan Name: Southwestern Bell Corporation Dental Plan
- (2) Plan Sponsor: Southwestern Bell Corporation and Participating Subsidiaries
- (3) Plan Year: January 1 through December 31

B. Eligibility

Regular active and temporary employees following six months of service and retired employees of Southwestern Bell Corporation and Participating Subsidiaries; spouses and other dependents are eligible for company paid coverage only while the retiree is living

C. Requirements for Benefits

Service or disability retirement from the Southwestern Bell Corporation Management Pension Plan or the Southwestern Bell Corporation Pension Plan

D. Benefits Defined

There are two separate benefit classes under the Plan:

- Fee-for-Service
- Dental Maintenance Organization (DMO)

Employees must enroll in one of the options, although switching from one option to the other is allowed on a monthly basis.

FEE-FOR-SERVICE BENEFITS

(1) Base Coverage

- Preventive Services 100% for oral exams, prophylaxis, fluoride treatments and space maintainers
- Diagnostic Services 100% for x-rays, full mouth x-rays and bite wing x-rays

**(2) Supplemental Coverage
for Basic and Restorative
Services**

- Deductible \$50 per individual per lifetime
- Schedule 100% up to the schedule maximum for listed services for basic restorations, oral surgery, endodontics, periodontics and prosthodontics (schedule maximums to be increased by an average of 10% effective January 1, 1994)
- Maximum Benefit \$1,000 (\$1,200 starting in 1994) per individual per calendar year (includes base and supplemental coverage)

(3) Orthodontic Coverage

- Deductible \$50 per individual per lifetime (combined with supplemental coverage)